

Resolution 2023-1: Payday Lending

WHEREAS, payday lending loans (also known as “deferred deposit advances”) are defined as a cash loan of usually \$500 or less, due within two weeks or the next payday, and serve as a short-term credit option for people to cover basic living expenses; and

WHEREAS, interest rates including fees charged by payday lenders should be considered highly unethical, averaging 435% APR; and

WHEREAS, small-dollar loans through Alaska banks and credit unions are already capped at 36% APR, but payday lenders in Alaska are exempt by statute and regulation; and

WHEREAS, nearly 70% of payday loans in Alaska are accessed online¹ with storefronts only located in Anchorage, Fairbanks, and Juneau; and

WHEREAS, payday lenders have extracted an average of 29 million dollars from Alaskans each year over the last ten years²; and

WHEREAS, on April 7, 2023 the Alaska House of Representatives introduced House Bill 145 “An Act relating to loans in the amount of \$25,000 or less; related to deferred deposit advances; and providing for an effective date.” and was referred to committee to begin the legislative process³; and

WHEREAS, House Bill 145 if passed as submitted, will impose the same interest rate requirements on payday loans as currently imposed on the Alaska banks and credit unions; and

WHEREAS, the books of Exodus (22:21-27), Leviticus (25:36-37), and Deuteronomy (23:20-21) all command God’s people not to charge interest in the land in which they reside, and payday lenders are egregiously out of step with Biblical wisdom; and

¹ Alaska Division of Banking and Securities Deferred Deposit Advances Annual Report (12/31/2021).

² Historical Annual Payday Lender Report Spreadsheet (12/31/2021).

³ <https://legiscan.com/AK/text/HB145/id/2763932/Alaska-2023-HB145-Introduced.pdf>

WHEREAS, as followers of Christ, we are called to live by the greatest commandment: to love God and to love our neighbor as ourselves (Matthew 22:36-39). Allowing interest rates at nearly 500% is the opposite of Christ-like love to our neighbors; and

WHEREAS, the Evangelical Lutheran Church in America's (ELCA) 1999 social statement Sufficient, Sustainable Livelihood for All commits the church to "address creatively and courageously the complex causes of poverty" as well as calls for "scrutiny of how specific policies and practices affect people and nations that are the poorest, and changes to make policies of economic growth, trade, and investment more beneficial to those who are poor;" therefore, be it ...

RESOLVED, that the Alaska Synod Assembly of the ELCA, in Assembly, request the Synod Council of the Alaska Synod of the ELCA sign the letter of support through the Mutual Aid Network of Anchorage (MANA) urging the Alaska Legislature to cap the interest rate for payday lenders at the same rate as the banks; and so be it further...

RESOLVED, that the Alaska Synod Assembly, in Assembly, encourage member congregations of the Alaska Synod of the ELCA to contact their Alaska state legislators directly through letters, emails, telephone calls, and in-person visits, beginning with the 2023 legislative session until said change is achieved.

Contact:

The Rev. Meredith Harber, meredith.harber@gmail.com, 724-541-0138

The Rev. Ollie Bergh, flcpastor@gci.net, 503-347-8403

Island of Faith Lutheran Church Council, April 2023

Submitted: 3/21/2023

Reviewed: 4/12/2023

Recommended for action to 2023 Alaska Synod Assembly: 4/21/2023

Motion and Second

No one spoke to the resolution.

Call to Vote.

Vote and resolution Carried.